

**Before the State of South Carolina
Department of Insurance**

In the matter of:

National Assisted Living Risk Retention
Group, Inc.,
10120 Two Notch Road, Suite 2-342
Columbia, South Carolina 29229

SCDOI File Number 2003-119458

**Consent Order Imposing
Administrative Penalty**

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance (the Department) and National Assisted Living Risk Retention Group, Inc., (the Company), a South Carolina domiciled captive insurance company transacting liability insurance for a North Carolina association.

I hereby find as fact that the Company attempted to solicit membership from potential North Carolina insureds before it was officially authorized to transact business in either South Carolina or North Carolina. These activities commenced on or about July 24, 2003, via a third-party Internet website. The third party immediately took steps to disengage the website upon being directed by the Department to do so. The Company maintains it received no response to the website and that its actions were the result of administrative oversight and were not the intentional violation of South Carolina or North Carolina law.

Rather than contest this matter, the parties have agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision. That consensual recommendation was that the Company would waive its right to a public hearing and would submit an administrative penalty through the Department in the total amount of \$2,000, \$100 for each day the website was active.

Sections 38-90-20 and 38-90-40 of the South Carolina Code set forth the conditions an applicant must meet before it may transact the business of insurance as a captive insurance company. At the time the incident outlined above occurred, the Company had not been issued a license and had not yet met the requirements of these provisions. The Federal Risk Retention Act (15 U.S.C. §§ 3901, et seq.) requires a risk retention group to be licensed under the laws of a state before engaging in the business of insurance.

National Assisted Living
Risk Retention Group, Inc.

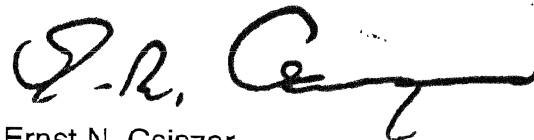
After a thorough review of the matter, carefully considering the recommendation of the parties, and pursuant to my findings of fact, I hereby conclude as a matter of law that the Company's conduct did not comply with South Carolina law or the Federal Risk Retention Act. Accordingly, I hereby accept the recommendation of the parties and impose an administrative fine in the total amount of \$2,000 against the Company pursuant to the discretionary authority provided to me by the State of South Carolina General Assembly within S.C. Code Ann. §§ 38-2-10 and 38-5-130 (2002). The Company must pay this administrative fine within 30 days of my date and signature upon this consent order. If the Company has not paid that total amount on, or before, that date, then the Company's certificate of authority to transact business as a captive insurer within the State of South Carolina will be summarily revoked without any further administrative disciplinary proceedings.

The parties have reached this consensual resolution as a result of negotiation and compromise, and in consideration of the internal corrective internal measures the Company has implemented in response to this issue and the State of North Carolina's decision not to prosecute this matter. This penalty includes all expenses related to investigation of this matter as provided in § 38-13-70 of the South Carolina Code. The parties expressly agree and understand the Company's payment of the agreed-upon penalty constitutes full accord and satisfaction of this matter. The Company neither admits nor denies any of the factual allegations set forth herein; rather, the findings are provided as a basis for the Department's actions as set forth herein.

By the signature of one of its officers or authorized representatives upon this consent order, the Company acknowledges that it understands that this administrative disciplinary order is a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2002).

It is, therefore, ordered that the Company shall, within 30 days of my date and my signature upon this consent order, pay through the Department an administrative penalty in the total amount of \$2,000. It is further ordered that a copy of this consent order shall be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

This consent order becomes effective on the date of my signature below.



Ernst N. Csiszar
Director

October 15, 2003
Columbia, South Carolina

____ National Assisted Living
Risk Retention Group, Inc.

I CONSENT:

Ronald Burrell
Signature of Authorized Representative

Ronald Burrell
Name

President
Title

National Assisted Living Risk Retention Group, Inc.
10120 Two Notch Road, Suite 2-342
Columbia, South Carolina 29229

Dated this 24 day of September, 2003